

AMENDED IN SENATE AUGUST 22, 2014  
AMENDED IN SENATE AUGUST 6, 2014  
AMENDED IN SENATE JUNE 17, 2014  
AMENDED IN ASSEMBLY MAY 5, 2014  
AMENDED IN ASSEMBLY APRIL 23, 2014  
AMENDED IN ASSEMBLY MARCH 18, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 2605**

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**Introduced by Assembly Member Bonilla**

February 21, 2014

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An act to amend Sections 208, 4040.5, 4043, 4060, 4081, 4101, 4105, 4120, 4149, 4160, 4161, 4162, 4162.5, 4164, 4165, 4166, 4167, 4168, 4169, 4201, 4305.5, 4312, 4331, and 4400 of, to amend the heading of Article 11 (commencing with Section 4160) of Chapter 9 of Division 2 of, to add Sections ~~4022.7, 4044.5~~, 4022.7, 4044.5, 4053.1, ~~4107~~, 4107.5, and 4161.5 to, and to repeal and add Section 4045 of, the Business and Professions Code, relating to pharmacy.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2605, as amended, Bonilla. Pharmacy: third-party logistics providers.

(1) Under the Pharmacy Law, a violation of which is a crime, the California State Board of Pharmacy licenses and regulates the practice of pharmacy. Existing law restricts the purchase, trade, sale, or transfer of dangerous drugs or dangerous devices, as defined, to licensed wholesalers and other authorized persons. Under the Pharmacy Law,

the board licenses and regulates entities, including third-party logistics providers, as wholesalers. The Pharmacy Law defines a “third-party logistics provider” or a “reverse third-party logistics provider” as an entity licensed as a wholesaler that contracts with a dangerous drug manufacturer to provide or coordinate warehousing, distribution, or other similar services on behalf of a manufacturer, but for which there is no change of ownership in the dangerous drugs. Existing law requires a wholesaler to have a pharmacist or designated representative on its premises and to be supervised or managed by a designated representative-in-charge. Existing law requires a separate license for each place of business owned or operated by a wholesaler. Existing law also requires a wholesaler to submit a surety bond of \$100,000 payable to a specified fund of the board to secure payment of any administrative fine imposed by the board. Existing law, the federal Drug Supply Chain Security Act, prohibits a third-party logistics provider, as defined, from conducting any activities in a state unless each facility of the provider is licensed by the state from which drugs are distributed by the provider in accordance with regulations to be promulgated by the Secretary of the United States Department of Health and Human Services.

This bill would revise the definition of the terms “third-party logistics provider” and “reverse third-party logistics provider” to conform to federal law, as specified, and would require a third-party logistics provider of a dangerous drug or dangerous device to be separately licensed by the board as a third-party logistics provider. The bill would require a third-party logistics provider to be supervised and managed by a responsible manager who would need to be licensed by the board as a designated representative-3PL. Under the bill, a designated representative-3PL and a responsible manager would be subject to similar requirements as those imposed on a designated representative and a designated representative-in-charge, respectively. The bill would limit a place of business to a single board-issued license, except for entities under common ownership that meet specified requirements, and would require that at least one designated representative, in the case of a wholesaler, or designated representative-3PL, in the case of a third-party logistics provider, be present during business hours for each licensed place of business. The bill would require a third-party logistics provider to submit a surety bond of \$90,000 payable to a specified fund of the board to secure payment of any administrative fine imposed by the board. The bill would enact parallel requirements with respect to nonresident third-party logistics providers and would

make related conforming changes and delete obsolete provisions. After specified federal regulations under the federal Drug Supply Chain Security Act are promulgated, the bill would require the board to act to identify any California laws governing interstate commerce in conflict with those regulations and act to remove the conflict.

Existing law makes a wholesaler that uses the services of a carrier liable for the security and integrity of any dangerous drug or devices through that carrier until the drugs or devices are delivered to the transferee.

This bill would extend that liability when the wholesaler uses the services of a third-party logistics provider and would require a third-party logistics provider that uses the services of a carrier to have in place and comply with specified written policies and procedures.

(2) Existing law requires that all records of manufacture and of sale, acquisition, or disposition of dangerous drugs or dangerous devices be open to inspection by authorized officers of the law during business hours and be preserved for at least 3 years.

This bill would make those requirements also applicable to records of receipt and shipment of dangerous drugs and dangerous devices. The bill would also require a manufacturer, wholesaler, third-party logistics provider, or pharmacy that has reasonable cause to believe that a dangerous drug or device that is or was in its possession, and has been sold or distributed in or through California, is counterfeit or the subject of a fraudulent transaction to notify the board within 72 hours of obtaining that knowledge.

(3) Existing law sets the fees for the issuance and renewal of licenses for wholesalers and designated representatives at specified amounts and authorizes those fees to be increased to specified higher amounts.

This bill would instead set the fees at the higher amounts.

(4) Because a violation of the requirements described in paragraphs (1) and (2) above would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 208 of the Business and Professions Code  
2 is amended to read:

3     208. (a) Beginning April 1, 2014, a CURES fee of six dollars  
4 (\$6) shall be assessed annually on each of the licensees specified  
5 in subdivision (b) to pay the reasonable costs associated with  
6 operating and maintaining CURES for the purpose of regulating  
7 those licensees. The fee assessed pursuant to this subdivision shall  
8 be billed and collected by the regulating agency of each licensee  
9 at the time of the licensee's license renewal. If the reasonable  
10 regulatory cost of operating and maintaining CURES is less than  
11 six dollars (\$6) per licensee, the Department of Consumer Affairs  
12 may, by regulation, reduce the fee established by this section to  
13 the reasonable regulatory cost.

14     (b) (1) Licensees authorized pursuant to Section 11150 of the  
15 Health and Safety Code to prescribe, order, administer, furnish,  
16 or dispense Schedule II, Schedule III, or Schedule IV controlled  
17 substances or pharmacists licensed pursuant to Chapter 9  
18 (commencing with Section 4000) of Division 2.

19     (2) Wholesalers, third-party logistics providers, nonresident  
20 wholesalers, and nonresident third-party logistics providers of  
21 dangerous drugs licensed pursuant to Article 11 (commencing with  
22 Section 4160) of Chapter 9 of Division 2.

23     (3) Nongovernmental clinics licensed pursuant to Article 13  
24 (commencing with Section 4180) and Article 14 (commencing  
25 with Section 4190) of Chapter 9 of Division 2.

26     (4) Nongovernmental pharmacies licensed pursuant to Article  
27 7 (commencing with Section 4110) of Chapter 9 of Division 2.

28     (c) The funds collected pursuant to subdivision (a) shall be  
29 deposited in the CURES Fund, which is hereby created within the  
30 State Treasury. Moneys in the CURES Fund shall, upon  
31 appropriation by the Legislature, be available to the Department  
32 of Consumer Affairs to reimburse the Department of Justice for  
33 costs to operate and maintain CURES for the purposes of regulating  
34 the licensees specified in subdivision (b).

35     (d) The Department of Consumer Affairs shall contract with  
36 the Department of Justice on behalf of the Medical Board of  
37 California, the Dental Board of California, the California State  
38 Board of Pharmacy, the Veterinary Medical Board, the Board of

1 Registered Nursing, the Physician Assistant Board of the Medical  
2 Board of California, the Osteopathic Medical Board of California,  
3 the Naturopathic Medicine Committee of the Osteopathic Medical  
4 Board, the State Board of Optometry, and the California Board of  
5 Podiatric Medicine to operate and maintain CURES for the  
6 purposes of regulating the licensees specified in subdivision (b).

7 SEC. 2. Section 4022.7 is added to the Business and Professions  
8 Code, to read:

9 4022.7. (a) “Designated representative-3PL” means an  
10 individual to whom a license has been granted pursuant to Section  
11 4053.1.

12 (b) “Responsible manager” means a designated  
13 representative-3PL selected by a third-party logistics provider and  
14 approved by the board as responsible for ensuring compliance of  
15 the licensed place of business with state and federal laws with  
16 respect to dangerous drugs and dangerous devices received by,  
17 stored in, or shipped from the licensed place of business of the  
18 third-party logistics provider.

19 SEC. 3. Section 4040.5 of the Business and Professions Code  
20 is amended to read:

21 4040.5. “Reverse distributor” means every person who acts as  
22 an agent for pharmacies, drug wholesalers, third-party logistics  
23 providers, manufacturers, and other entities by receiving,  
24 inventorying, warehousing, and managing the disposition of  
25 outdated or nonsaleable dangerous drugs.

26 SEC. 4. Section 4043 of the Business and Professions Code is  
27 amended to read:

28 4043. “Wholesaler” means and includes a person who acts as  
29 a wholesale merchant, broker, jobber, customs broker, reverse  
30 distributor, agent, or a nonresident wholesaler, who sells for resale,  
31 or negotiates for distribution, or takes possession of, any drug or  
32 device included in Section 4022. Unless otherwise authorized by  
33 law, a wholesaler may not store, warehouse, or authorize the  
34 storage or warehousing of drugs with any person or at any location  
35 not licensed by the board.

36 SEC. 5. Section 4044.5 is added to the Business and Professions  
37 Code, to read:

38 4044.5. “Reverse third-party logistics provider” means an entity  
39 that processes or manages the disposition of an outdated or  
40 nonsaleable dangerous drug or dangerous device on behalf of a

1 manufacturer, wholesaler, or dispenser of the dangerous drug or  
2 dangerous device, but does not take ownership of the dangerous  
3 drug or dangerous device nor have the responsibility to direct its  
4 sale or disposition. Unless otherwise specified in this chapter,  
5 every provision of this chapter that applies to a third-party logistics  
6 provider shall also apply to a reverse third-party logistics provider.

7 SEC. 6. Section 4045 of the Business and Professions Code is  
8 repealed.

9 SEC. 7. Section 4045 is added to the Business and Professions  
10 Code, to read:

11 4045. "Third-party logistics provider" means an entity that  
12 provides or coordinates warehousing or other logistics services  
13 for a dangerous drug or dangerous device in intrastate or interstate  
14 commerce on behalf of a manufacturer, wholesaler, or dispenser  
15 of the dangerous drug or dangerous device, but does not take  
16 ownership of the dangerous drug or dangerous device, nor have  
17 responsibility to direct its sale or disposition.

18 SEC. 8. Section 4053.1 is added to the Business and Professions  
19 Code, to read:

20 4053.1. (a) Notwithstanding Section 4051, the board may issue  
21 a license to a qualified individual as a designated  
22 representative-3PL to provide sufficient and qualified supervision  
23 of a third-party logistics provider's place of business. The  
24 designated representative-3PL shall protect the public health and  
25 safety in the handling, storage, warehousing, distribution, and  
26 shipment of dangerous drugs and dangerous devices in the  
27 third-party logistics provider's place of business.

28 (b) An individual who is at least 18 years of age may apply for  
29 a designated representative-3PL license. In order to obtain and  
30 maintain that license, the individual shall meet all of the following  
31 requirements:

32 (1) He or she shall be a high school graduate or possess a general  
33 education development certificate equivalent.

34 (2) He or she shall meet one of the following requirements:

35 (A) Have a minimum of one year of paid work experience in  
36 the past three years with a third-party logistics provider.

37 (B) Have a minimum of one year of paid work experience in  
38 the past three years in a licensed pharmacy, or with a drug  
39 wholesaler, drug distributor, or drug manufacturer, performing

1 duties related to the distribution or dispensing of dangerous drugs  
2 or dangerous devices.

3 (C) Meet all of the prerequisites to take the examination required  
4 for licensure as a pharmacist by the board.

5 (3) (A) He or she shall complete a training program approved  
6 by the board that, at a minimum, addresses each of the following  
7 subjects:

8 (i) Knowledge and understanding of California law and federal  
9 law relating to the distribution of dangerous drugs and dangerous  
10 devices.

11 (ii) Knowledge and understanding of California law and federal  
12 law relating to the distribution of controlled substances.

13 (iii) Knowledge and understanding of quality control systems.

14 (iv) Knowledge and understanding of the United States  
15 Pharmacopoeia or federal Food and Drug Administration standards  
16 relating to the safe storage, handling, and transport of dangerous  
17 drugs and dangerous devices.

18 (B) The board may, by regulation, require the training program  
19 required under this paragraph to include additional material.

20 (C) The board shall not issue a license as a designated  
21 representative-3PL until the applicant provides proof of completion  
22 of the training required by this paragraph to the board.

23 (c) A third-party logistics provider shall not operate without at  
24 least one designated representative-3PL present at each of its  
25 licensed places of business as required under Section 4160.

26 SEC. 9. Section 4060 of the Business and Professions Code is  
27 amended to read:

28 4060. A person shall not possess any controlled substance,  
29 except that furnished to a person upon the prescription of a  
30 physician, dentist, podiatrist, optometrist, veterinarian, or  
31 naturopathic doctor pursuant to Section 3640.7, or furnished  
32 pursuant to a drug order issued by a certified nurse-midwife  
33 pursuant to Section 2746.51, a nurse practitioner pursuant to  
34 Section 2836.1, a physician assistant pursuant to Section 3502.1,  
35 a naturopathic doctor pursuant to Section 3640.5, or a pharmacist  
36 pursuant to Section 4052.1, 4052.2, or 4052.6. This section does  
37 not apply to the possession of any controlled substance by a  
38 manufacturer, wholesaler, third-party logistics provider, pharmacy,  
39 pharmacist, physician, podiatrist, dentist, optometrist, veterinarian,  
40 naturopathic doctor, certified nurse-midwife, nurse practitioner,

1 or physician assistant, if in stock in containers correctly labeled  
2 with the name and address of the supplier or producer.

3 This section does not authorize a certified nurse-midwife, a nurse  
4 practitioner, a physician assistant, or a naturopathic doctor, to order  
5 his or her own stock of dangerous drugs and devices.

6 SEC. 10. Section 4081 of the Business and Professions Code  
7 is amended to read:

8 4081. (a) All records of manufacture and of sale, acquisition,  
9 receipt, shipment, or disposition of dangerous drugs or dangerous  
10 devices shall be at all times during business hours open to  
11 inspection by authorized officers of the law, and shall be preserved  
12 for at least three years from the date of making. A current inventory  
13 shall be kept by every manufacturer, wholesaler, third-party  
14 logistics provider, pharmacy, veterinary food-animal drug retailer,  
15 physician, dentist, podiatrist, veterinarian, laboratory, clinic,  
16 hospital, institution, or establishment holding a currently valid and  
17 unrevoked certificate, license, permit, registration, or exemption  
18 under Division 2 (commencing with Section 1200) of the Health  
19 and Safety Code or under Part 4 (commencing with Section 16000)  
20 of Division 9 of the Welfare and Institutions Code who maintains  
21 a stock of dangerous drugs or dangerous devices.

22 (b) The owner, officer, and partner of a pharmacy, wholesaler,  
23 third-party logistics provider, or veterinary food-animal drug  
24 retailer shall be jointly responsible, with the pharmacist-in-charge,  
25 responsible manager, or designated representative-in-charge, for  
26 maintaining the records and inventory described in this section.

27 (c) The pharmacist-in-charge, responsible manager, or  
28 designated representative-in-charge shall not be criminally  
29 responsible for acts of the owner, officer, partner, or employee  
30 that violate this section and of which the pharmacist-in-charge,  
31 responsible manager, or designated representative-in-charge had  
32 no knowledge, or in which he or she did not knowingly participate.

33 SEC. 11. Section 4101 of the Business and Professions Code  
34 is amended to read:

35 4101. (a) A pharmacist may take charge of and act as the  
36 pharmacist-in-charge of a pharmacy upon application by the  
37 pharmacy and approval by the board. A pharmacist-in-charge who  
38 ceases to act as the pharmacist-in-charge of the pharmacy shall  
39 notify the board in writing within 30 days of the date of that change  
40 in status.



1 (b) A designated representative or a pharmacist may take charge  
2 of, and act as, the designated representative-in-charge of a  
3 wholesaler or veterinary food-animal drug retailer upon application  
4 by the wholesaler or veterinary food-animal drug retailer and  
5 approval by the board. A designated representative-in-charge who  
6 ceases to act as the designated representative-in-charge at that  
7 entity shall notify the board in writing within 30 days of the date  
8 of that change in status.

9 (c) A designated representative-3PL may take charge of, and  
10 act as, the responsible manager of a third-party logistics provider  
11 upon application by the third-party logistics provider and approval  
12 by the board. A responsible manager who ceases to act as the  
13 responsible manager at that entity shall notify the board in writing  
14 within 30 days of the date of that change in status.

15 SEC. 12. Section 4105 of the Business and Professions Code  
16 is amended to read:

17 4105. (a) All records or other documentation of the acquisition  
18 and disposition of dangerous drugs and dangerous devices by any  
19 entity licensed by the board shall be retained on the licensed  
20 premises in a readily retrievable form.

21 (b) The licensee may remove the original records or  
22 documentation from the licensed premises on a temporary basis  
23 for license-related purposes. However, a duplicate set of those  
24 records or other documentation shall be retained on the licensed  
25 premises.

26 (c) The records required by this section shall be retained on the  
27 licensed premises for a period of three years from the date of  
28 making.

29 (d) (1) Any records that are maintained electronically shall be  
30 maintained so that the pharmacist-in-charge, or the pharmacist on  
31 duty if the pharmacist-in-charge is not on duty, shall, at all times  
32 during which the licensed premises are open for business, be able  
33 to produce a hardcopy and electronic copy of all records of  
34 acquisition or disposition or other drug or dispensing-related  
35 records maintained electronically.

36 (2) In the case of a veterinary food-animal drug retailer,  
37 wholesaler, or third-party logistics provider, any records that are  
38 maintained electronically shall be maintained so that the designated  
39 representative-in-charge or the responsible manager, or the  
40 designated representative on duty or the designated

1 representative-3PL on duty if the designated  
2 representative-in-charge or responsible manager is not on duty,  
3 shall, at all times during which the licensed place of business is  
4 open for business, be able to produce a hardcopy and electronic  
5 copy of all records of acquisition or disposition or other drug or  
6 dispensing-related records maintained electronically.

7 (e) (1) Notwithstanding subdivisions (a), (b), and (c), the board  
8 may, upon written request, grant to a licensee a waiver of the  
9 requirements that the records described in subdivisions (a), (b),  
10 and (c) be kept on the licensed premises.

11 (2) A waiver granted pursuant to this subdivision shall not affect  
12 the board's authority under this section or any other provision of  
13 this chapter.

14 (f) When requested by an authorized officer of the law or by an  
15 authorized representative of the board, the owner, corporate officer,  
16 or manager of an entity licensed by the board shall provide the  
17 board with the requested records within three business days of the  
18 time the request was made. The entity may request in writing an  
19 extension of this timeframe for a period not to exceed 14 calendar  
20 days from the date the records were requested. A request for an  
21 extension of time is subject to the approval of the board. An  
22 extension shall be deemed approved if the board fails to deny the  
23 extension request within two business days of the time the  
24 extension request was made directly to the board.

25 SEC. 13. Section ~~4107~~ 4107.5 is added to the Business and  
26 Professions Code, to read:

27 ~~4107.~~

28 4107.5. If a manufacturer, wholesaler, third-party logistics  
29 provider, or pharmacy has reasonable cause to believe that a  
30 dangerous drug or dangerous device in, or having been in, its  
31 possession is counterfeit or the subject of a fraudulent transaction,  
32 the manufacturer, wholesaler, third-party logistics provider, or  
33 pharmacy shall notify the board within 72 hours of obtaining that  
34 knowledge. This section shall apply to any dangerous drug or  
35 dangerous device that has been sold or distributed in or through  
36 this state.

37 SEC. 14. Section 4120 of the Business and Professions Code  
38 is amended to read:

39 4120. (a) A nonresident pharmacy shall not sell or distribute  
40 dangerous drugs or dangerous devices in this state through any

1 person or media other than a wholesaler or third-party logistics  
2 provider who has obtained a license pursuant to this chapter or  
3 through a selling or distribution outlet that is licensed as a  
4 wholesaler or third-party logistics provider pursuant to this chapter  
5 without registering as a nonresident pharmacy.

6 (b) Applications for a nonresident pharmacy registration shall  
7 be made on a form furnished by the board. The board may require  
8 any information as the board deems reasonably necessary to carry  
9 out the purposes of this section.

10 (c) The Legislature, by enacting this section, does not intend a  
11 license issued to any nonresident pharmacy pursuant to this section  
12 to change or affect the tax liability imposed by Chapter 3  
13 (commencing with Section 23501) of Part 11 of Division 2 of the  
14 Revenue and Taxation Code on any nonresident pharmacy.

15 (d) The Legislature, by enacting this section, does not intend a  
16 license issued to any nonresident pharmacy pursuant to this section  
17 to serve as any evidence that the nonresident pharmacy is doing  
18 business within this state.

19 SEC. 15. Section 4149 of the Business and Professions Code  
20 is amended to read:

21 4149. (a) A nonresident distributor shall not sell or distribute  
22 hypodermic needles or syringes in this state without obtaining a  
23 license from the board pursuant to Section 4141.

24 (b) Notwithstanding subdivision (a), a license is not required if  
25 the nonresident distributor sells or distributes solely through a  
26 person who is licensed as a wholesaler or third-party logistics  
27 provider pursuant to Section 4160.

28 (c) The Legislature, by enacting this section, does not intend a  
29 license issued to any nonresident distributor pursuant to this article  
30 to serve as evidence that the entity is doing business within this  
31 state.

32 SEC. 16. The heading of Article 11 (commencing with Section  
33 4160) of Chapter 9 of Division 2 of the Business and Professions  
34 Code is amended to read:

35  
36 Article 11. Wholesalers, Third-Party Logistics Providers, and  
37 Manufacturers  
38

39 SEC. 17. Section 4160 of the Business and Professions Code  
40 is amended to read:

1     4160. (a) A person shall not act as a wholesaler or third-party  
2 logistics provider of any dangerous drug or dangerous device unless  
3 he or she has obtained a license from the board.

4     (b) Upon approval by the board and the payment of the required  
5 fee, the board shall issue a license to the applicant.

6     (c) (1) A separate license shall be required for each place of  
7 business owned or operated by a wholesaler or third-party logistics  
8 provider. Each place of business may only be issued a single license  
9 by the board, except as provided in paragraph (2). Each license  
10 shall be renewed annually and shall not be transferable. At all  
11 times during which a place of business is open for business, at  
12 least one designated representative, in the case of a wholesaler, or  
13 designated representative-3PL in the case of a third-party logistics  
14 provider, shall be present.

15     (2) A wholesaler and a third-party logistics provider under  
16 common ownership may be licensed at the same place of business  
17 provided that all of the following requirements are satisfied:

18     (A) The wholesaler and the third-party logistics provider each  
19 separately maintain the records required under Section 4081.

20     (B) Dangerous drugs and dangerous devices owned by the  
21 wholesaler are not commingled with the dangerous drugs and  
22 dangerous devices handled by the third-party logistics provider.

23     (C) Any individual acting as a designated representative for the  
24 wholesaler is not concurrently acting as a designated  
25 representative-3PL on behalf of the third-party logistics provider.  
26 Nothing in this subparagraph shall be construed to prohibit an  
27 individual from concurrently holding a license to act as a  
28 designated representative and to act as a designated  
29 representative-3PL.

30     (D) The wholesaler has its own designated  
31 representative-in-charge responsible for the operations of the  
32 wholesaler and the third-party logistics provider has its own  
33 responsible manager responsible for the operations of the  
34 third-party logistics provider. The same individual shall not  
35 concurrently serve as the responsible manager and the designated  
36 representative-in-charge for a wholesaler and a third-party logistics  
37 provider licensed at the same place of business.

38     (E) The third-party logistics provider does not handle the  
39 prescription drugs or prescription devices owned by a prescriber.

1 (F) The third-party logistics provider is not a reverse third-party  
2 logistics provider.

3 (G) The wholesaler is not acting as a reverse distributor.

4 (d) Every wholesaler shall be supervised or managed by a  
5 designated representative-in-charge. The designated  
6 representative-in-charge shall be responsible for the wholesaler's  
7 compliance with state and federal laws governing wholesalers. As  
8 part of its initial application for a license, and for each renewal,  
9 each wholesaler shall, on a form designed by the board, provide  
10 identifying information and the California license number for a  
11 designated representative or pharmacist proposed to serve as the  
12 designated representative-in-charge. The proposed designated  
13 representative-in-charge shall be subject to approval by the board.  
14 The board shall not issue or renew a wholesaler license without  
15 identification of an approved designated representative-in-charge  
16 for the wholesaler. The designated representative-in-charge shall  
17 maintain an active license as a designated representative with the  
18 board at all times during which he or she is designated as the  
19 designated representative-in-charge.

20 (e) Each place of business of a third-party logistics provider  
21 shall be supervised and managed by a responsible manager. The  
22 responsible manager shall be responsible for the compliance of  
23 the place of business with state and federal laws governing  
24 third-party logistics providers and with the third-party logistics  
25 provider's customer specifications, except where the customer's  
26 specifications conflict with state or federal laws. As part of its  
27 initial application for a license, and for each renewal, each  
28 third-party logistics provider shall, on a form designated by the  
29 board, provide identifying information and the California license  
30 number for a designated representative-3PL proposed to serve as  
31 the responsible manager. The proposed responsible manager shall  
32 be subject to approval by the board. The board shall not issue or  
33 renew a third-party logistics provider license without identification  
34 of an approved responsible manager for the third-party logistics  
35 provider. The responsible manager shall maintain an active license  
36 as a designated representative-3PL with the board at all times  
37 during which he or she is designated as the responsible manager.

38 (f) A wholesaler shall notify the board in writing, on a form  
39 designed by the board, within 30 days of the date when a  
40 designated representative-in-charge ceases to act as the designated

1 representative-in-charge, and shall on the same form propose  
2 another designated representative or pharmacist to take over as  
3 the designated representative-in-charge. The proposed replacement  
4 designated representative-in-charge shall be subject to approval  
5 by the board. If disapproved, the wholesaler shall propose another  
6 replacement within 15 days of the date of disapproval, and shall  
7 continue to name proposed replacements until a designated  
8 representative-in-charge is approved by the board.

9 (g) A third-party logistics provider shall notify the board in  
10 writing, on a form designed by the board, within 30 days of the  
11 date when a responsible manager ceases to act as the responsible  
12 manager, and shall on the same form propose another designated  
13 representative-3PL to take over as the responsible manager. The  
14 proposed replacement responsible manager shall be subject to  
15 approval by the board. If disapproved, the third-party logistics  
16 provider shall propose another replacement within 15 days of the  
17 date of disapproval, and shall continue to name proposed  
18 replacements until a responsible manager is approved by the board.

19 (h) A drug manufacturer premises licensed by the Food and  
20 Drug Administration or licensed pursuant to Section 111615 of  
21 the Health and Safety Code that only distributes dangerous drugs  
22 and dangerous devices of its own manufacture is exempt from this  
23 section and Section 4161.

24 (i) The board may issue a temporary license, upon conditions  
25 and for periods of time as the board determines to be in the public  
26 interest. A temporary license fee shall be required in an amount  
27 established by the board as specified in subdivision (f) of Section  
28 4400. When needed to protect public safety, a temporary license  
29 may be issued for a period not to exceed 180 days, subject to terms  
30 and conditions that the board deems necessary. If the board  
31 determines that a temporary license was issued by mistake or denies  
32 the application for a permanent license, the temporary license shall  
33 terminate upon either personal service of the notice of termination  
34 upon the licenseholder or service by certified mail, return receipt  
35 requested, at the licenseholder's address of record with the board,  
36 whichever occurs first. Neither for purposes of retaining a  
37 temporary license, nor for purposes of any disciplinary or license  
38 denial proceeding before the board, shall the temporary  
39 licenseholder be deemed to have a vested property right or interest  
40 in the license.

1 SEC. 18. Section 4161 of the Business and Professions Code  
2 is amended to read:

3 4161. (a) A person located outside this state that (1) ships,  
4 sells, mails, warehouses, distributes, or delivers dangerous drugs  
5 or dangerous devices into this state or (2) sells, brokers,  
6 warehouses, or distributes dangerous drugs or devices within this  
7 state shall be considered a nonresident wholesaler or a nonresident  
8 third-party logistics provider.

9 (b) A nonresident wholesaler or nonresident third-party logistics  
10 provider shall be licensed by the board prior to shipping, selling,  
11 mailing, warehousing, distributing, or delivering dangerous drugs  
12 or dangerous devices to a site located in this state or selling,  
13 brokering, warehousing, or distributing dangerous drugs or devices  
14 within this state.

15 (c) (1) A separate license shall be required for each place of  
16 business owned or operated by a nonresident wholesaler or  
17 nonresident third-party logistics provider from or through which  
18 dangerous drugs or dangerous devices are shipped, sold, mailed,  
19 warehoused, distributed, or delivered to a site located in this state  
20 or sold, brokered, warehoused, or distributed within this state.  
21 Each place of business may only be issued a single license by the  
22 board, except as provided in paragraph (2). A license shall be  
23 renewed annually and shall not be transferable.

24 (2) A nonresident wholesaler and a nonresident third-party  
25 logistics provider under common ownership may be licensed at  
26 the same place of business provided that all of the following  
27 requirements are satisfied:

28 (A) The wholesaler and the third-party logistics provider each  
29 separately maintain the records required under Section 4081.

30 (B) Dangerous drugs and dangerous devices owned by the  
31 wholesaler are not commingled with the dangerous drugs and  
32 dangerous devices handled by the third-party logistics provider.

33 (C) Any individual acting as a designated representative for the  
34 wholesaler is not concurrently acting as a designated  
35 representative-3PL on behalf of the third-party logistics provider.  
36 Nothing in this subparagraph shall be construed to prohibit an  
37 individual from concurrently holding a license to act as a  
38 designated representative and to act as a designated  
39 representative-3PL.

(D) The wholesaler has its own designated representative-in-charge responsible for the operations of the wholesaler and the third-party logistics provider has its own responsible manager responsible for the operations of the third-party logistics provider. The same individual shall not concurrently serve as the responsible manager and the designated representative-in-charge for a wholesaler and a third-party logistics provider licensed at the same place of business.

(E) The third-party logistics provider does not handle the prescription drugs or prescription devices owned by a prescriber.

(F) The third-party logistics provider is not a reverse third-party logistics provider.

(G) The wholesaler is not acting as a reverse distributor.

(d) The following information shall be reported, in writing, to the board at the time of initial application for licensure by a nonresident wholesaler or a nonresident third-party logistics provider, on renewal of a nonresident wholesaler or nonresident third-party logistics provider license, or within 30 days of a change in that information:

(1) Its agent for service of process in this state.

(2) Its principal corporate officers, as specified by the board, if any.

(3) Its general partners, as specified by the board, if any.

(4) Its owners if the applicant is not a corporation or partnership.

(e) A report containing the information in subdivision (d) shall be made within 30 days of any change of ownership, office, corporate officer, or partner.

(f) A nonresident wholesaler or nonresident third-party logistics provider shall comply with all directions and requests for information from the regulatory or licensing agency of the state in which it is licensed, as well as with all requests for information made by the board.

(g) A nonresident wholesaler or nonresident third-party logistics provider shall maintain records of dangerous drugs and dangerous devices sold, traded, transferred, warehoused, or distributed to persons in this state or within this state, so that the records are in a readily retrievable form.

(h) A nonresident wholesaler or nonresident third-party logistics provider shall at all times maintain a valid, unexpired license, permit, or registration to conduct the business of the wholesaler



1 or nonresident third-party logistics provider in compliance with  
2 the laws of the state in which it is a resident. An application for a  
3 nonresident wholesaler or nonresident third-party logistics provider  
4 license in this state shall include a license verification from the  
5 licensing authority in the applicant's state of residence.

6 (i) (1) The board shall not issue or renew a nonresident  
7 wholesaler license until the nonresident wholesaler identifies a  
8 designated representative-in-charge and notifies the board in  
9 writing of the identity and license number of the designated  
10 representative-in-charge.

11 (2) The board shall not issue or renew a nonresident third-party  
12 logistics provider license until the nonresident third-party logistics  
13 provider identifies a responsible manager and notifies the board  
14 in writing of the identity and license number of the designated  
15 representative-3PL who will be the responsible manager.

16 (j) The designated representative-in-charge shall be responsible  
17 for the compliance of the nonresident wholesaler with state and  
18 federal laws governing wholesalers. The responsible manager shall  
19 be responsible for the compliance of the nonresident third-party  
20 logistics provider's place of business with state and federal laws  
21 governing third-party logistics providers. A nonresident wholesaler  
22 or nonresident third-party logistics provider shall identify and  
23 notify the board of a new designated representative-in-charge or  
24 responsible manager within 30 days of the date that the prior  
25 designated representative-in-charge or responsible manager ceases  
26 to be the designated representative-in-charge or responsible  
27 manager.

28 (k) The board may issue a temporary license, upon conditions  
29 and for periods of time as the board determines to be in the public  
30 interest. A temporary license fee shall be five hundred fifty dollars  
31 (\$550) or another amount established by the board not to exceed  
32 the annual fee for renewal of a license to compound injectable  
33 sterile drug products. When needed to protect public safety, a  
34 temporary license may be issued for a period not to exceed 180  
35 days, subject to terms and conditions that the board deems  
36 necessary. If the board determines that a temporary license was  
37 issued by mistake or denies the application for a permanent license,  
38 the temporary license shall terminate upon either personal service  
39 of the notice of termination upon the licenseholder or service by  
40 certified mail, return receipt requested, at the licenseholder's

1 address of record with the board, whichever occurs first. Neither  
2 for purposes of retaining a temporary license, nor for purposes of  
3 any disciplinary or license denial proceeding before the board,  
4 shall the temporary licenseholder be deemed to have a vested  
5 property right or interest in the license.

6 (l) The registration fee shall be the fee specified in subdivision  
7 (f) of Section 4400.

8 SEC. 19. Section 4161.5 is added to the Business and  
9 Professions Code, to read:

10 4161.5. At such time as federal regulations are promulgated  
11 to implement Section 584 of the federal Food, Drug, and Cosmetic  
12 Act (21 U.S.C. Sec. 360eee-3), the board shall immediately identify  
13 any standard, requirement, or regulation in California law  
14 governing interstate commerce that is in conflict with the federal  
15 regulations and act to remove the conflict in the manner permitted  
16 by law.

17 SEC. 20. Section 4162 of the Business and Professions Code  
18 is amended to read:

19 4162. (a) (1) An applicant for the issuance or renewal of a  
20 wholesaler license, which is not government owned and operated,  
21 shall submit a surety bond of one hundred thousand dollars  
22 (\$100,000) or other equivalent means of security acceptable to the  
23 board payable to the Pharmacy Board Contingent Fund. The  
24 purpose of the surety bond is to secure payment of any  
25 administrative fine imposed by the board and any cost recovery  
26 ordered pursuant to Section 125.3.

27 (2) An applicant for the issuance or renewal of a third-party  
28 logistics provider license, which is not government owned and  
29 operated, shall submit a surety bond of ninety thousand dollars  
30 (\$90,000) or other equivalent means of security acceptable to the  
31 board payable to the Pharmacy Board Contingent Fund. The  
32 purpose of the surety bond is to secure payment of any  
33 administrative fine imposed by the board and any cost recovery  
34 ordered pursuant to Section 125.3.

35 (3) For purposes of paragraphs (1) and (2), the board may accept  
36 a surety bond less than the amount required under paragraph (1)  
37 or (2) if the annual gross receipts of the previous tax year for the  
38 wholesaler or third-party logistics provider is ten million dollars  
39 (\$10,000,000) or less, in which case the surety bond shall be  
40 twenty-five thousand dollars (\$25,000).

1 (4) A person to whom an approved new drug application has  
2 been issued by the United States Food and Drug Administration  
3 who engages in the wholesale distribution of only the dangerous  
4 drug specified in the new drug application, and is licensed or  
5 applies for licensure as a wholesaler or third-party logistics  
6 provider, shall not be required to post a surety bond as provided  
7 in paragraph (1) or (2).

8 (5) For licensees subject to paragraph (3) or (4), the board may  
9 require a bond up to one hundred thousand dollars (\$100,000) for  
10 any licensee who has been disciplined by any state or federal  
11 agency or has been issued an administrative fine pursuant to this  
12 chapter.

13 (b) The board may make a claim against the bond if the licensee  
14 fails to pay a fine within 30 days after the order imposing the fine,  
15 or costs become final.

16 (c) A single surety bond or other equivalent means of security  
17 acceptable to the board shall satisfy the requirement of subdivision  
18 (a) for all licensed sites under common control as defined in  
19 Section 4126.5.

20 SEC. 21. Section 4162.5 of the Business and Professions Code  
21 is amended to read:

22 4162.5. (a) (1) An applicant for the issuance or renewal of a  
23 nonresident wholesaler license shall submit a surety bond of one  
24 hundred thousand dollars (\$100,000), or other equivalent means  
25 of security acceptable to the board, such as an irrevocable letter  
26 of credit, or a deposit in a trust account or financial institution,  
27 payable to the Pharmacy Board Contingent Fund. The purpose of  
28 the surety bond is to secure payment of any administrative fine  
29 imposed by the board and any cost recovery ordered pursuant to  
30 Section 125.3.

31 (2) An applicant for the issuance or renewal of a nonresident  
32 third-party logistics provider license shall submit a surety bond of  
33 ninety thousand dollars (\$90,000), or other equivalent means of  
34 security acceptable to the board, such as an irrevocable letter of  
35 credit, or a deposit in a trust account or financial institution,  
36 payable to the Pharmacy Board Contingent Fund. The purpose of  
37 the surety bond is to secure payment of any administrative fine  
38 imposed by the board and any cost recovery ordered pursuant to  
39 Section 125.3.

(3) For purposes of paragraphs (1) and (2), the board may accept a surety bond less than the amount required under paragraph (1) or (2) if the annual gross receipts of the previous tax year for the nonresident wholesaler or the nonresident third-party logistics provider is ten million dollars (\$10,000,000) or less, in which case the surety bond shall be twenty-five thousand dollars (\$25,000).

(4) For applicants who satisfy paragraph (3), the board may require a bond up to one hundred thousand dollars (\$100,000) for any nonresident wholesaler or nonresident third-party logistics provider who has been disciplined by any state or federal agency or has been issued an administrative fine pursuant to this chapter.

(5) A person to whom an approved new drug application or a biologics license application has been issued by the United States Food and Drug Administration who engages in the wholesale distribution of only the dangerous drug specified in the new drug application or biologics license application, and is licensed or applies for licensure as a nonresident wholesaler or a nonresident third-party logistics provider, shall not be required to post a surety bond as provided in this section.

(b) The board may make a claim against the bond if the licensee fails to pay a fine within 30 days of the issuance of the fine or when the costs become final.

(c) A single surety bond or other equivalent means of security acceptable to the board shall satisfy the requirement of subdivision (a) for all licensed sites under common control as defined in Section 4126.5.

SEC. 22. Section 4164 of the Business and Professions Code is amended to read:

4164. (a) A wholesaler or third-party logistics provider licensed by the board that distributes controlled substances, dangerous drugs, or dangerous devices within or into this state shall report to the board all distributions of dangerous drugs and controlled substances that are subject to abuse, as determined by the board.

(b) Each wholesaler shall develop and maintain a system for tracking individual sales of dangerous drugs at preferential or contract prices to pharmacies that primarily or solely dispense prescription drugs to patients of long-term care facilities. The system shall be capable of identifying purchases of any dangerous drug at preferential or contract prices by customers that vary significantly from prior ordering patterns for the same customer,

1 including by identifying purchases in the preceding 12 calendar  
2 months by that customer or similar customers and identifying  
3 current purchases that exceed prior purchases by either that  
4 customer or similar customers by a factor of 20 percent.

5 (c) Upon written, oral, or electronic request by the board, a  
6 wholesaler shall furnish data tracked pursuant to subdivision (b)  
7 to the board in written, hardcopy, or electronic form. The board  
8 shall specify the dangerous drugs, the customers, or both the  
9 dangerous drugs and customers for which data are to be furnished,  
10 and the wholesaler shall have 30 calendar days to comply with the  
11 request.

12 (d) As used in this section, “preferential or contract prices”  
13 means and refers to purchases by contract of dangerous drugs at  
14 prices below the market wholesale price for those drugs.

15 SEC. 23. Section 4165 of the Business and Professions Code  
16 is amended to read:

17 4165. A wholesaler or third-party logistics provider licensed  
18 by the board who sells or transfers any dangerous drug or  
19 dangerous device into this state or who receives, by sale or  
20 otherwise, any dangerous drug or dangerous device from any  
21 person in this state shall, on request, furnish an authorized officer  
22 of the law with all records or other documentation of that sale or  
23 transfer.

24 SEC. 24. Section 4166 of the Business and Professions Code  
25 is amended to read:

26 4166. (a) A wholesaler that uses the services of a third-party  
27 logistics provider or carrier, including, but not limited to, the  
28 United States Postal Service or a common carrier, shall be liable  
29 for the security and integrity of any dangerous drugs or dangerous  
30 devices through that provider or carrier until the drugs or devices  
31 are delivered to the transferee at its board-licensed premises.

32 (b) A third-party logistics provider that uses the services of a  
33 carrier, including, but not limited to, the United States Postal  
34 Service or a common carrier, shall have in place and comply with  
35 written policies and procedures that provide for both of the  
36 following:

37 (1) Verification that the third-party logistics provider, or the  
38 owner of the dangerous drugs or dangerous devices stored at the  
39 third-party logistics provider, has imposed obligations on the carrier  
40 that provide for the security and integrity of any dangerous drugs

1 or dangerous devices transported by the carrier until the drugs or  
2 devices are delivered to the transferee at its premises.

3 (2) Confirmation, prior to shipping a dangerous drug or  
4 dangerous device, that the intended recipient is legally authorized  
5 to receive the dangerous drug or dangerous device.

6 (c) Nothing in this section is intended to affect the liability of  
7 a wholesaler, third-party logistics provider, or other distributor for  
8 dangerous drugs or dangerous devices after their delivery to the  
9 transferee.

10 SEC. 25. Section 4167 of the Business and Professions Code  
11 is amended to read:

12 4167. A wholesaler or third-party logistics provider shall not  
13 obtain, by purchase or otherwise, any dangerous drugs or dangerous  
14 devices that it cannot maintain, in a secure manner, at the place of  
15 business licensed by the board.

16 SEC. 26. Section 4168 of the Business and Professions Code  
17 is amended to read:

18 4168. A county or municipality shall not issue a business  
19 license for any establishment that requires a wholesaler or  
20 third-party logistics provider license unless the establishment  
21 possesses a current wholesaler or third-party logistics provider  
22 license issued by the board. For purposes of this section, an  
23 “establishment” is the licensee’s physical location in California.

24 SEC. 27. Section 4169 of the Business and Professions Code  
25 is amended to read:

26 4169. (a) A person or entity shall not do any of the following:

27 (1) Purchase, trade, sell, warehouse, distribute, or transfer  
28 dangerous drugs or dangerous devices at wholesale with a person  
29 or entity that is not licensed with the board as a wholesaler,  
30 third-party logistics provider, or pharmacy.

31 (2) Purchase, trade, sell, or transfer dangerous drugs that the  
32 person knew or reasonably should have known were adulterated,  
33 as set forth in Article 2 (commencing with Section 111250) of  
34 Chapter 6 of Part 5 of Division 104 of the Health and Safety Code.

35 (3) Purchase, trade, sell, or transfer dangerous drugs that the  
36 person knew or reasonably should have known were misbranded,  
37 as defined in Section 111335 of the Health and Safety Code.

38 (4) Purchase, trade, sell, or transfer dangerous drugs or  
39 dangerous devices after the beyond use date on the label.

1 (5) Fail to maintain records of the acquisition or disposition of  
2 dangerous drugs or dangerous devices for at least three years.

3 (b) Notwithstanding any other law, a violation of this section  
4 may subject the person or entity that has committed the violation  
5 to a fine not to exceed the amount specified in Section 125.9 for  
6 each occurrence, pursuant to a citation issued by the board.

7 (c) Amounts due from any person under this section shall be  
8 offset as provided under Section 12419.5 of the Government Code.  
9 Amounts received by the board under this section shall be deposited  
10 into the Pharmacy Board Contingent Fund.

11 (d) This section shall not apply to a pharmaceutical manufacturer  
12 licensed by the Food and Drug Administration or by the State  
13 Department of Public Health.

14 SEC. 28. Section 4201 of the Business and Professions Code  
15 is amended to read:

16 4201. (a) Each application to conduct a pharmacy, wholesaler,  
17 third-party logistics provider, or veterinary food-animal drug  
18 retailer, shall be made on a form furnished by the board, and shall  
19 state the name, address, usual occupation, and professional  
20 qualifications, if any, of the applicant. If the applicant is other than  
21 a natural person, the application shall state the information as to  
22 each person beneficially interested therein.

23 (b) As used in this section, and subject to subdivision (c), the  
24 term “person beneficially interested” means and includes:

25 (1) If the applicant is a partnership or other unincorporated  
26 association, each partner or member.

27 (2) If the applicant is a corporation, each of its officers, directors,  
28 and stockholders, provided that no natural person shall be deemed  
29 to be beneficially interested in a nonprofit corporation.

30 (3) If the applicant is a limited liability company, each officer,  
31 manager, or member.

32 (c) If the applicant is a partnership or other unincorporated  
33 association, a limited liability company, or a corporation, and the  
34 number of partners, members, or stockholders, as the case may  
35 be, exceeds five, the application shall so state, and shall further  
36 state the information required by subdivision (a) as to each of the  
37 five partners, members, or stockholders who own the five largest  
38 interests in the applicant entity. Upon request by the executive  
39 officer, the applicant shall furnish the board with the information  
40 required by subdivision (a) as to partners, members, or stockholders

1 not named in the application, or shall refer the board to an  
2 appropriate source of that information.

3 (d) The application shall contain a statement to the effect that  
4 the applicant has not been convicted of a felony and has not  
5 violated any of the provisions of this chapter. If the applicant  
6 cannot make this statement, the application shall contain a  
7 statement of the violation, if any, or reasons which will prevent  
8 the applicant from being able to comply with the requirements  
9 with respect to the statement.

10 (e) Upon the approval of the application by the board and  
11 payment of the fee required by this chapter for each pharmacy,  
12 wholesaler, third-party logistics provider, or veterinary food-animal  
13 drug retailer, the executive officer of the board shall issue a license  
14 to conduct a pharmacy, wholesaler, third-party logistics provider,  
15 or veterinary food-animal drug retailer, if all of the provisions of  
16 this chapter have been complied with.

17 (f) Notwithstanding any other law, the pharmacy license shall  
18 authorize the holder to conduct a pharmacy. The license shall be  
19 renewed annually and shall not be transferable.

20 (g) Notwithstanding any other law, the wholesaler license shall  
21 authorize the holder to wholesale dangerous drugs and dangerous  
22 devices. The license shall be renewed annually and shall not be  
23 transferable.

24 (h) Notwithstanding any other law, the third-party logistics  
25 provider license shall authorize the holder to provide or coordinate  
26 warehousing, distribution, or other similar services of dangerous  
27 drugs and dangerous devices. The license shall be renewed annually  
28 and shall not be transferable.

29 (i) Notwithstanding any other law, the veterinary food-animal  
30 drug retailer license shall authorize the holder to conduct a  
31 veterinary food-animal drug retailer and to sell and dispense  
32 veterinary food-animal drugs as defined in Section 4042.

33 (j) For licenses referred to in subdivisions (f), (g), (h), and (i),  
34 any change in the proposed beneficial ownership interest shall be  
35 reported to the board within 30 days thereafter upon a form to be  
36 furnished by the board.

37 SEC. 29. Section 4305.5 of the Business and Professions Code  
38 is amended to read:

39 4305.5. (a) A person that is licensed as a wholesaler,  
40 third-party logistics provider, or veterinary food-animal drug



1 retailer, shall notify the board within 30 days of the termination  
2 of employment of the designated representative-in-charge or  
3 responsible manager. Failure to notify the board within the 30-day  
4 period shall constitute grounds for disciplinary action.

5 (b) A person that is licensed as a wholesaler, third-party logistics  
6 provider, or veterinary food-animal drug retailer, that willfully  
7 fails to notify the board of the termination of employment of the  
8 designated representative-in-charge or responsible manager at its  
9 licensed place of business, and that continues to operate the place  
10 of business in the absence of the designated  
11 representative-in-charge or responsible manager for that place of  
12 business shall be subject to summary suspension or revocation of  
13 its license as a wholesaler, third-party logistics provider, or  
14 veterinary food-animal drug retailer at that place of business.

15 (c) A designated representative-in-charge of a wholesaler or  
16 veterinary food-animal drug retailer, or a responsible manager of  
17 a third-party logistics provider, who terminates his or her  
18 employment at the licensed place of business, shall notify the board  
19 within 30 days of the termination of employment. Failure to notify  
20 the board within the 30-day period shall constitute grounds for  
21 disciplinary action.

22 SEC. 30. Section 4312 of the Business and Professions Code  
23 is amended to read:

24 4312. (a) The board may cancel the license of a wholesaler,  
25 third-party logistics provider, pharmacy, or veterinary food-animal  
26 drug retailer if the licensed premises remain closed, as defined in  
27 subdivision (e), other than by order of the board. For good cause  
28 shown, the board may cancel a license after a shorter period of  
29 closure. To cancel a license pursuant to this subdivision, the board  
30 shall make a diligent, good faith effort to give notice by personal  
31 service on the licensee. If a written objection is not received within  
32 10 days after personal service is made or a diligent, good faith  
33 effort to give notice by personal service on the licensee has failed,  
34 the board may cancel the license without the necessity of a hearing.  
35 If the licensee files a written objection, the board shall file an  
36 accusation based on the licensee remaining closed. Proceedings  
37 shall be conducted in accordance with Chapter 5 (commencing  
38 with Section 11500) of Part 1 of Division 3 of Title 2 of the  
39 Government Code, and the board shall have all the powers granted  
40 in that chapter.

(b) If the license of a wholesaler, third-party logistics provider, pharmacy, or veterinary food-animal drug retailer is canceled pursuant to subdivision (a) or revoked pursuant to Article 19 (commencing with Section 4300), or a wholesaler, third-party logistics provider, pharmacy, or veterinary food-animal drug retailer notifies the board of its intent to remain closed or to discontinue business, the licensee shall, within 10 days thereafter, arrange for the transfer of all dangerous drugs and controlled substances or dangerous devices to another licensee authorized to possess the dangerous drugs and controlled substances or dangerous devices. The licensee transferring the dangerous drugs and controlled substances or dangerous devices shall immediately confirm in writing to the board that the transfer has taken place.

(c) If a wholesaler, third-party logistics provider, pharmacy, or veterinary food-animal drug retailer fails to comply with subdivision (b), the board may seek and obtain an order from the superior court in the county in which the wholesaler, third-party logistics provider, pharmacy, or veterinary food-animal drug retailer is located, authorizing the board to enter the wholesaler, third-party logistics provider, pharmacy, or veterinary food-animal drug retailer and inventory and store, transfer, sell, or arrange for the sale of, all dangerous drugs and controlled substances and dangerous devices found in the wholesaler, third-party logistics provider, pharmacy, or veterinary food-animal drug retailer.

(d) If the board sells or arranges for the sale of any dangerous drugs, controlled substances, or dangerous devices pursuant to subdivision (c), the board may retain from the proceeds of the sale an amount equal to the cost to the board of obtaining and enforcing an order issued pursuant to subdivision (c), including the cost of disposing of the dangerous drugs, controlled substances, or dangerous devices. The remaining proceeds, if any, shall be returned to the licensee from whose premises the dangerous drugs or controlled substances or dangerous devices were removed.

(1) The licensee shall be notified of his or her right to the remaining proceeds by personal service or by certified mail, postage prepaid.

(2) If a statute or regulation requires the licensee to file with the board his or her address, and any change of address, the notice required by this subdivision may be sent by certified mail, postage prepaid, to the latest address on file with the board and service of

1 notice in this manner shall be deemed completed on the 10th day  
2 after the mailing.

3 (3) If the licensee is notified as provided in this subdivision,  
4 and the licensee fails to contact the board for the remaining  
5 proceeds within 30 calendar days after personal service has been  
6 made or service by certified mail, postage prepaid, is deemed  
7 completed, the remaining proceeds shall be deposited by the board  
8 into the Pharmacy Board Contingent Fund. These deposits shall  
9 be deemed to have been received pursuant to Chapter 7  
10 (commencing with Section 1500) of Title 10 of Part 3 of the Code  
11 of Civil Procedure and shall be subject to claim or other disposition  
12 as provided in that chapter.

13 (e) For the purposes of this section, “closed” means not engaged  
14 in the ordinary activity for which a license has been issued for at  
15 least one day each calendar week during any 120-day period.

16 (f) Nothing in this section shall be construed as requiring a  
17 pharmacy to be open seven days a week.

18 SEC. 31. Section 4331 of the Business and Professions Code  
19 is amended to read:

20 4331. (a) A person who is not a pharmacist, a designated  
21 representative-in-charge, or a designated representative and who  
22 takes charge of a wholesaler or veterinary food-animal drug retailer  
23 or who dispenses a prescription or furnishes dangerous devices,  
24 except as otherwise provided in this chapter, is guilty of a  
25 misdemeanor.

26 (b) A person who is not a responsible manager or a designated  
27 representative-3PL who takes charge of a third-party logistics  
28 provider or coordinates the warehousing or distribution of  
29 dangerous drugs or dangerous devices within a third-party logistics  
30 provider, except as otherwise provided in this chapter, is guilty of  
31 a misdemeanor.

32 (c) A person licensed as a veterinary food-animal drug retailer  
33 that fails to place in charge of that veterinary food-animal drug  
34 retailer a pharmacist or designated representative, or any person  
35 who, by himself or herself, or by any other person, permits the  
36 dispensing of prescriptions, except by a pharmacist or designated  
37 representative, or as otherwise provided in this chapter, is guilty  
38 of a misdemeanor.

39 (d) A person licensed as a wholesaler that fails to place in charge  
40 of that wholesaler a pharmacist or designated representative, or

1 any person who, by himself or herself, or by any other person,  
2 permits the furnishing of dangerous drugs or dangerous devices,  
3 except by a pharmacist or designated representative, or as otherwise  
4 provided in this chapter, is guilty of a misdemeanor.

5 (e) A person licensed as a third-party logistics provider that fails  
6 to place in charge of a licensed place of business of the third-party  
7 logistics provider a responsible manager, or any person who, by  
8 himself or herself, or by any other person, permits the furnishing  
9 of dangerous drugs or dangerous devices, except by a facility  
10 manager, or as otherwise provided in this chapter, is guilty of a  
11 misdemeanor.

12 SEC. 32. Section 4400 of the Business and Professions Code,  
13 as added by Section 9 of Chapter 565 of the Statutes of 2013, is  
14 amended to read:

15 4400. The amount of fees and penalties prescribed by this  
16 chapter, except as otherwise provided, is that fixed by the board  
17 according to the following schedule:

18 (a) The fee for a nongovernmental pharmacy license shall be  
19 four hundred dollars (\$400) and may be increased to five hundred  
20 twenty dollars (\$520). The fee for the issuance of a temporary  
21 nongovernmental pharmacy permit shall be two hundred fifty  
22 dollars (\$250) and may be increased to three hundred twenty-five  
23 dollars (\$325).

24 (b) The fee for a nongovernmental pharmacy license annual  
25 renewal shall be two hundred fifty dollars (\$250) and may be  
26 increased to three hundred twenty-five dollars (\$325).

27 (c) The fee for the pharmacist application and examination shall  
28 be two hundred dollars (\$200) and may be increased to two  
29 hundred sixty dollars (\$260).

30 (d) The fee for regrading an examination shall be ninety dollars  
31 (\$90) and may be increased to one hundred fifteen dollars (\$115).  
32 If an error in grading is found and the applicant passes the  
33 examination, the regrading fee shall be refunded.

34 (e) The fee for a pharmacist license and biennial renewal shall  
35 be one hundred fifty dollars (\$150) and may be increased to one  
36 hundred ninety-five dollars (\$195).

37 (f) The fee for a nongovernmental wholesaler or third-party  
38 logistics provider license and annual renewal shall be seven  
39 hundred eighty dollars (\$780) and may be decreased to no less  
40 than six hundred dollars (\$600). The application fee for any

1 additional location after licensure of the first 20 locations shall be  
2 three hundred dollars (\$300) and may be decreased to no less than  
3 two hundred twenty-five dollars (\$225). A temporary license fee  
4 shall be seven hundred fifteen dollars (\$715) and may be decreased  
5 to no less than five hundred fifty dollars (\$550).

6 (g) The fee for a hypodermic license and renewal shall be one  
7 hundred twenty-five dollars (\$125) and may be increased to one  
8 hundred sixty-five dollars (\$165).

9 (h) (1) The fee for application, investigation, and issuance of  
10 a license as a designated representative pursuant to Section 4053,  
11 or as a designated representative-3PL pursuant to Section 4053.1,  
12 shall be three hundred thirty dollars (\$330) and may be decreased  
13 to no less than two hundred fifty-five dollars (\$255).

14 (2) The fee for the annual renewal of a license as a designated  
15 representative or designated representative-3PL shall be one  
16 hundred ninety-five dollars (\$195) and may be decreased to no  
17 less than one hundred fifty dollars (\$150).

18 (i) (1) The fee for the application, investigation, and issuance  
19 of a license as a designated representative for a veterinary  
20 food-animal drug retailer pursuant to Section 4053 shall be three  
21 hundred thirty dollars (\$330) and may be decreased to no less than  
22 two hundred fifty-five dollars (\$255).

23 (2) The fee for the annual renewal of a license as a designated  
24 representative for a veterinary food-animal drug retailer shall be  
25 one hundred ninety-five dollars (\$195) and may be decreased to  
26 no less than one hundred fifty dollars (\$150).

27 (j) (1) The application fee for a nonresident wholesaler or  
28 third-party logistics provider license issued pursuant to Section  
29 4161 shall be seven hundred eighty dollars (\$780) and may be  
30 decreased to no less than six hundred dollars (\$600).

31 (2) For nonresident wholesalers or third-party logistics providers  
32 that have 21 or more facilities operating nationwide the application  
33 fees for the first 20 locations shall be seven hundred eighty dollars  
34 (\$780) and may be decreased to no less than six hundred dollars  
35 (\$600). The application fee for any additional location after  
36 licensure of the first 20 locations shall be three hundred dollars  
37 (\$300) and may be decreased to no less than two hundred  
38 twenty-five dollars (\$225). A temporary license fee shall be seven  
39 hundred fifteen dollars (\$715) and may be decreased to no less  
40 than five hundred fifty dollars (\$550).

1 (3) The annual renewal fee for a nonresident wholesaler license  
2 or third-party logistics provider license issued pursuant to Section  
3 4161 shall be seven hundred eighty dollars (\$780) and may be  
4 decreased to no less than six hundred dollars (\$600).

5 (k) The fee for evaluation of continuing education courses for  
6 accreditation shall be set by the board at an amount not to exceed  
7 forty dollars (\$40) per course hour.

8 (l) The fee for an intern pharmacist license shall be ninety dollars  
9 (\$90) and may be increased to one hundred fifteen dollars (\$115).  
10 The fee for transfer of intern hours or verification of licensure to  
11 another state shall be twenty-five dollars (\$25) and may be  
12 increased to thirty dollars (\$30).

13 (m) The board may waive or refund the additional fee for the  
14 issuance of a license where the license is issued less than 45 days  
15 before the next regular renewal date.

16 (n) The fee for the reissuance of any license, or renewal thereof,  
17 that has been lost or destroyed or reissued due to a name change  
18 shall be thirty-five dollars (\$35) and may be increased to forty-five  
19 dollars (\$45).

20 (o) The fee for the reissuance of any license, or renewal thereof,  
21 that must be reissued because of a change in the information, shall  
22 be one hundred dollars (\$100) and may be increased to one hundred  
23 thirty dollars (\$130).

24 (p) It is the intent of the Legislature that, in setting fees pursuant  
25 to this section, the board shall seek to maintain a reserve in the  
26 Pharmacy Board Contingent Fund equal to approximately one  
27 year's operating expenditures.

28 (q) The fee for any applicant for a nongovernmental clinic  
29 license shall be four hundred dollars (\$400) and may be increased  
30 to five hundred twenty dollars (\$520) for each license. The annual  
31 fee for renewal of the license shall be two hundred fifty dollars  
32 (\$250) and may be increased to three hundred twenty-five dollars  
33 (\$325) for each license.

34 (r) The fee for the issuance of a pharmacy technician license  
35 shall be eighty dollars (\$80) and may be increased to one hundred  
36 five dollars (\$105). The fee for renewal of a pharmacy technician  
37 license shall be one hundred dollars (\$100) and may be increased  
38 to one hundred thirty dollars (\$130).

39 (s) The fee for a veterinary food-animal drug retailer license  
40 shall be four hundred five dollars (\$405) and may be increased to

1 four hundred twenty-five dollars (\$425). The annual renewal fee  
2 for a veterinary food-animal drug retailer license shall be two  
3 hundred fifty dollars (\$250) and may be increased to three hundred  
4 twenty-five dollars (\$325).

5 (t) The fee for issuance of a retired license pursuant to Section  
6 4200.5 shall be thirty-five dollars (\$35) and may be increased to  
7 forty-five dollars (\$45).

8 (u) The fee for issuance or renewal of a nongovernmental sterile  
9 compounding pharmacy license shall be six hundred dollars (\$600)  
10 and may be increased to seven hundred eighty dollars (\$780). The  
11 fee for a temporary license shall be five hundred fifty dollars (\$550)  
12 and may be increased to seven hundred fifteen dollars (\$715).

13 (v) The fee for the issuance or renewal of a nonresident sterile  
14 compounding pharmacy license shall be seven hundred eighty  
15 dollars (\$780). In addition to paying that application fee, the  
16 nonresident sterile compounding pharmacy shall deposit, when  
17 submitting the application, a reasonable amount, as determined by  
18 the board, necessary to cover the board's estimated cost of  
19 performing the inspection required by Section 4127.2. If the  
20 required deposit is not submitted with the application, the  
21 application shall be deemed to be incomplete. If the actual cost of  
22 the inspection exceeds the amount deposited, the board shall  
23 provide to the applicant a written invoice for the remaining amount  
24 and shall not take action on the application until the full amount  
25 has been paid to the board. If the amount deposited exceeds the  
26 amount of actual and necessary costs incurred, the board shall  
27 remit the difference to the applicant.

28 (w) This section shall become operative on July 1, 2014.

29 SEC. 33. No reimbursement is required by this act pursuant  
30 to Section 6 of Article XIII B of the California Constitution because  
31 the only costs that may be incurred by a local agency or school  
32 district will be incurred because this act creates a new crime or  
33 infraction, eliminates a crime or infraction, or changes the penalty  
34 for a crime or infraction, within the meaning of Section 17556 of  
35 the Government Code, or changes the definition of a crime within  
36 the meaning of Section 6 of Article XIII B of the California  
37 Constitution.